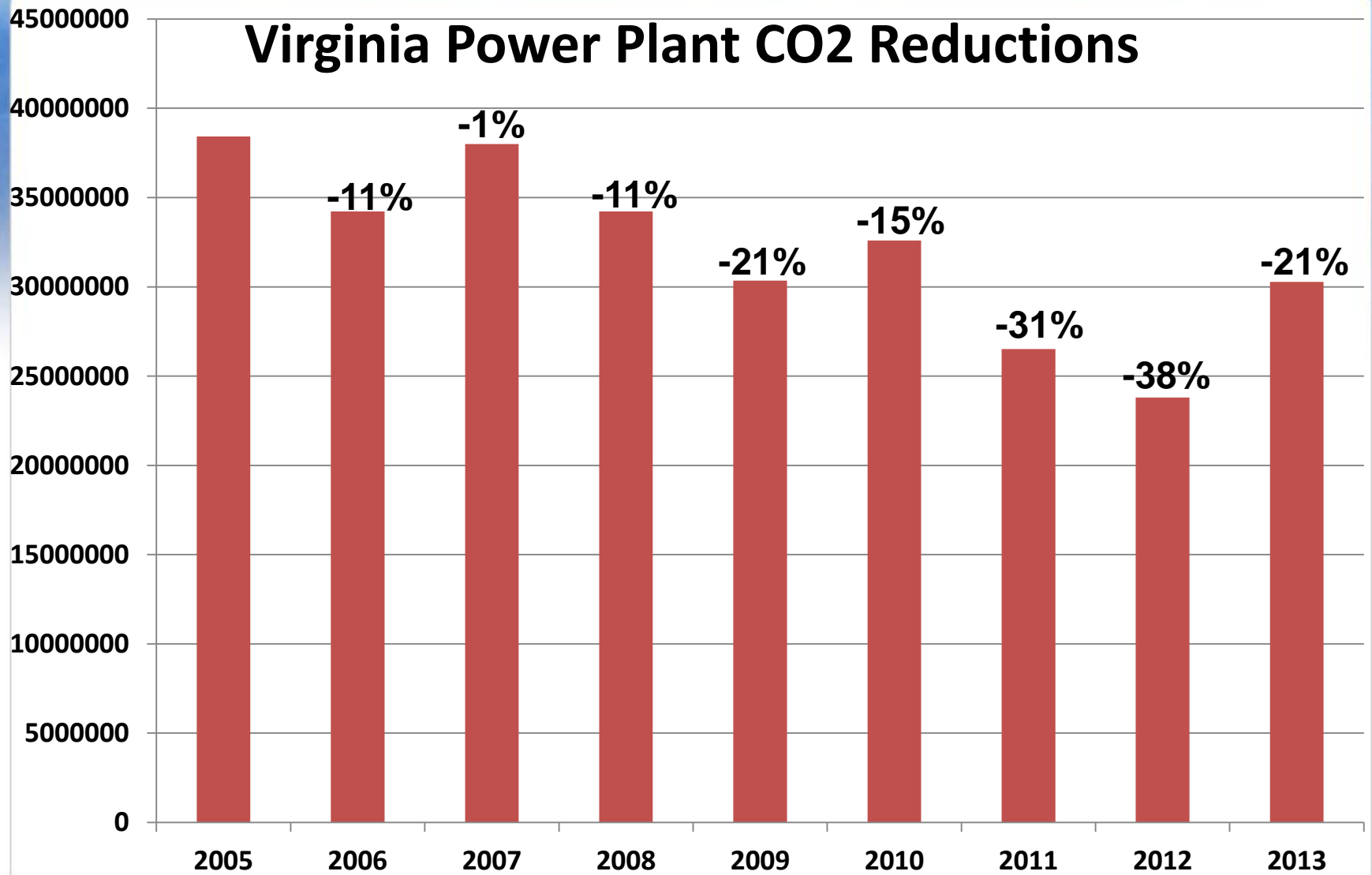


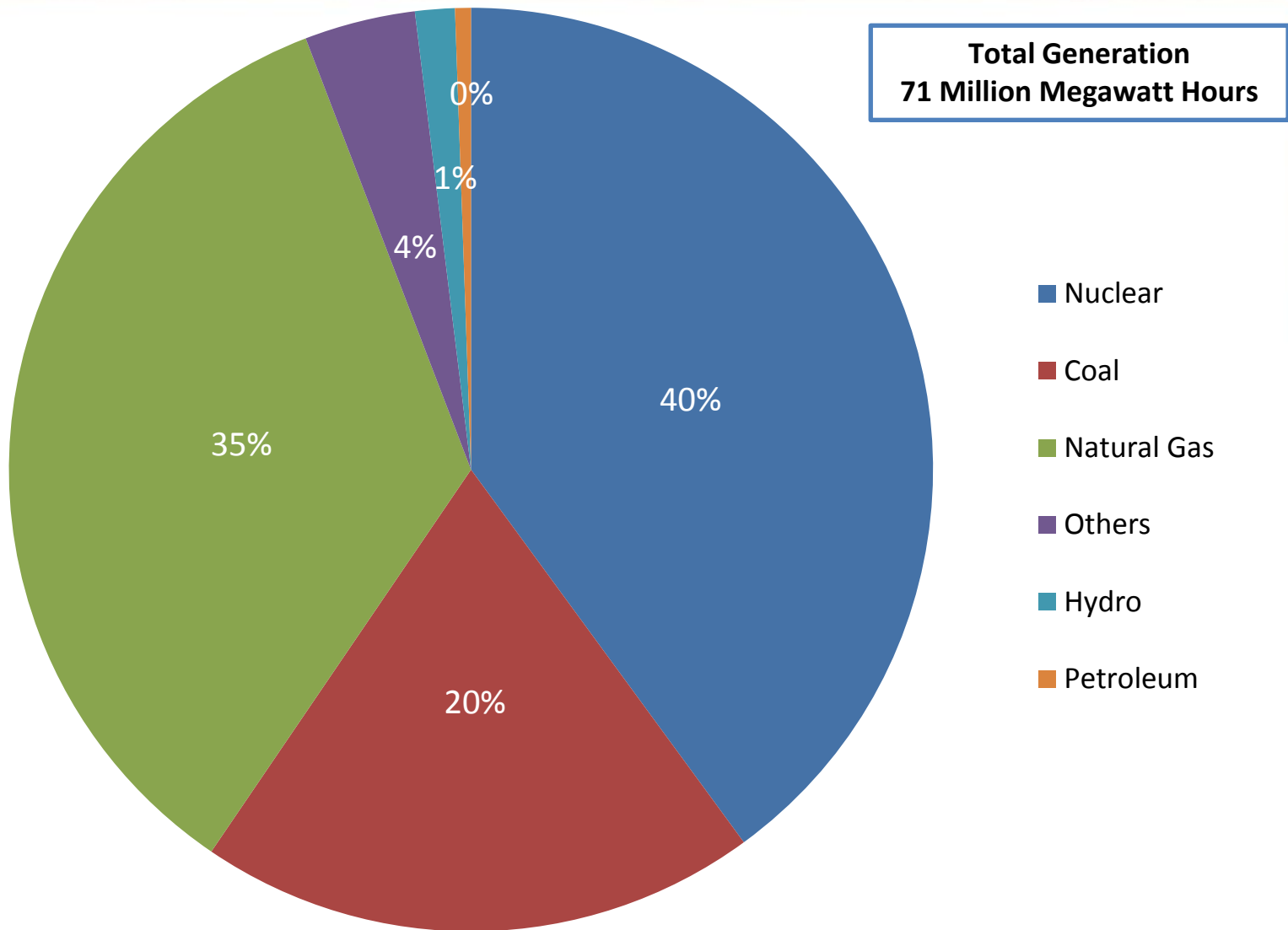
Proposed Federal Clean Power Plan

Joint Meeting of
Commerce & Labor Committees
November 19, 2014

Virginia Power Plant CO2 Reductions



VA Generation in 2012



VA has a good generation mix of emitting & non-emitting sources in 2012

EPA Reduction Goal “Building Blocks”

1.



- Improve existing EGU heat rate 6%

2.



- Increase average NGCC utilization to 70% and new NGCC

3.



- Achieve average regional renewable growth targets (16%)
- Avoid retirement of 6% nuclear fleet
- Complete new nuclear in construction

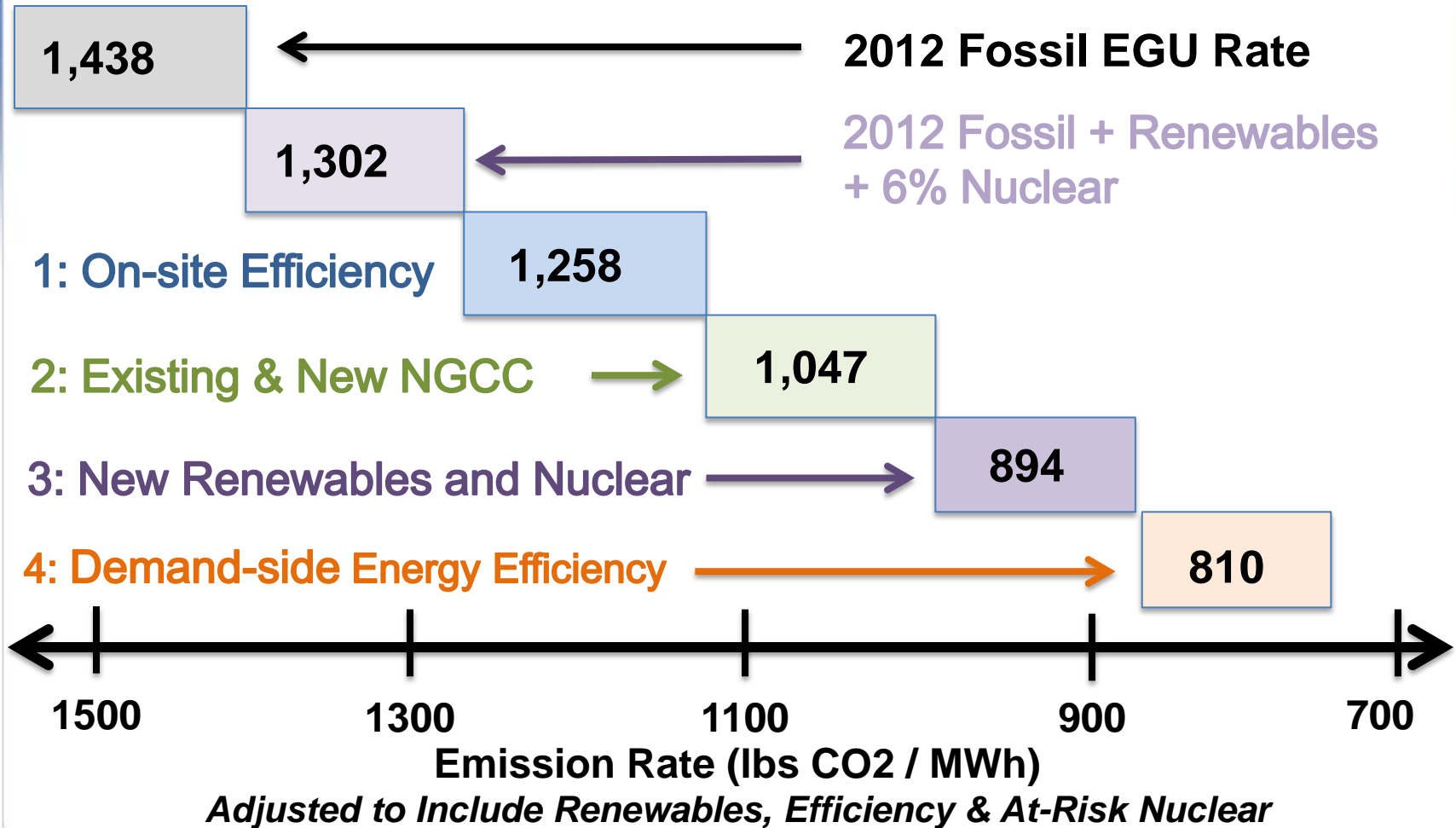
4.



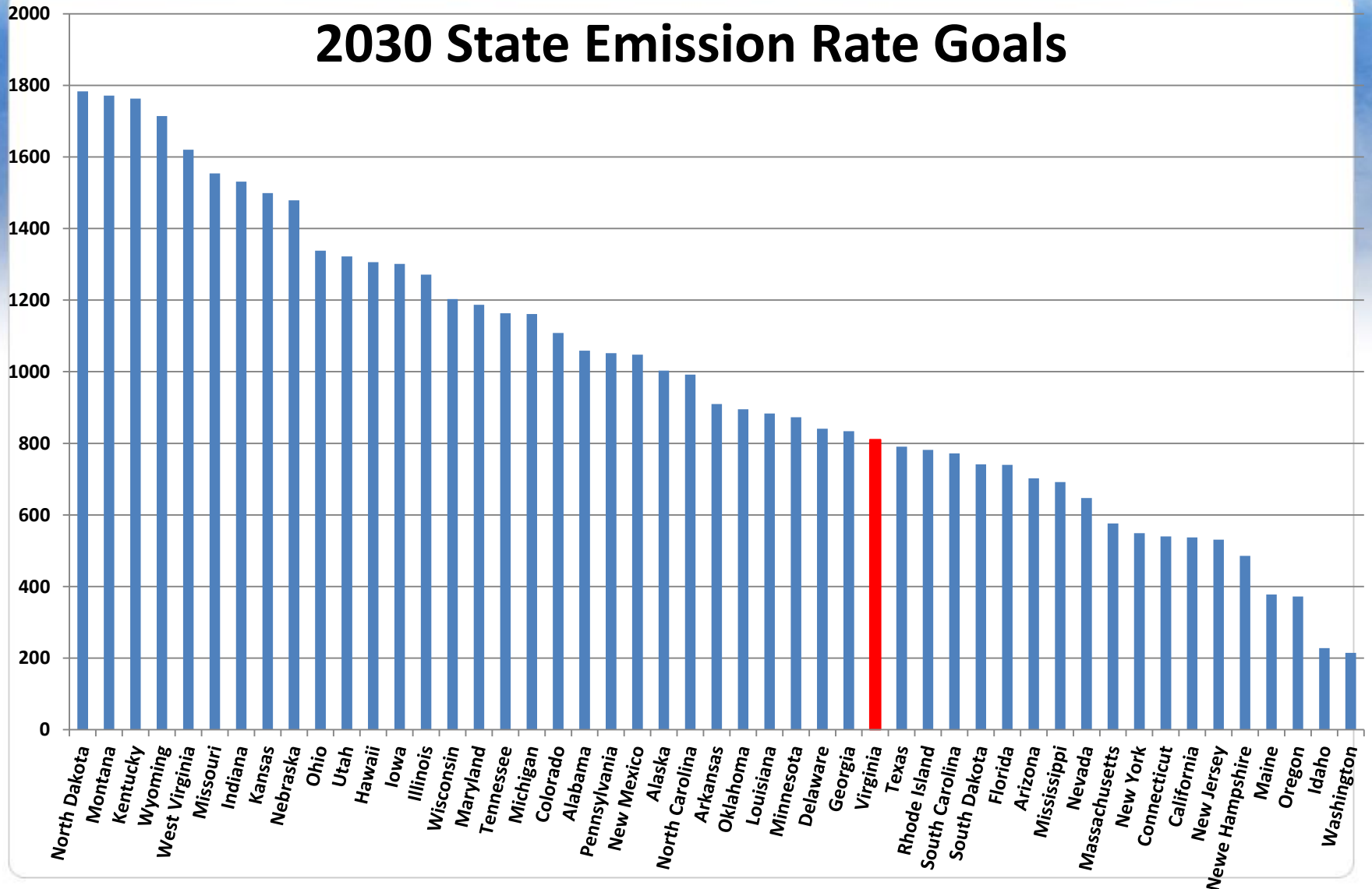
- Annual incremental electricity savings rate of 1.5%

Each block presents different challenges

Virginia Goal Computation

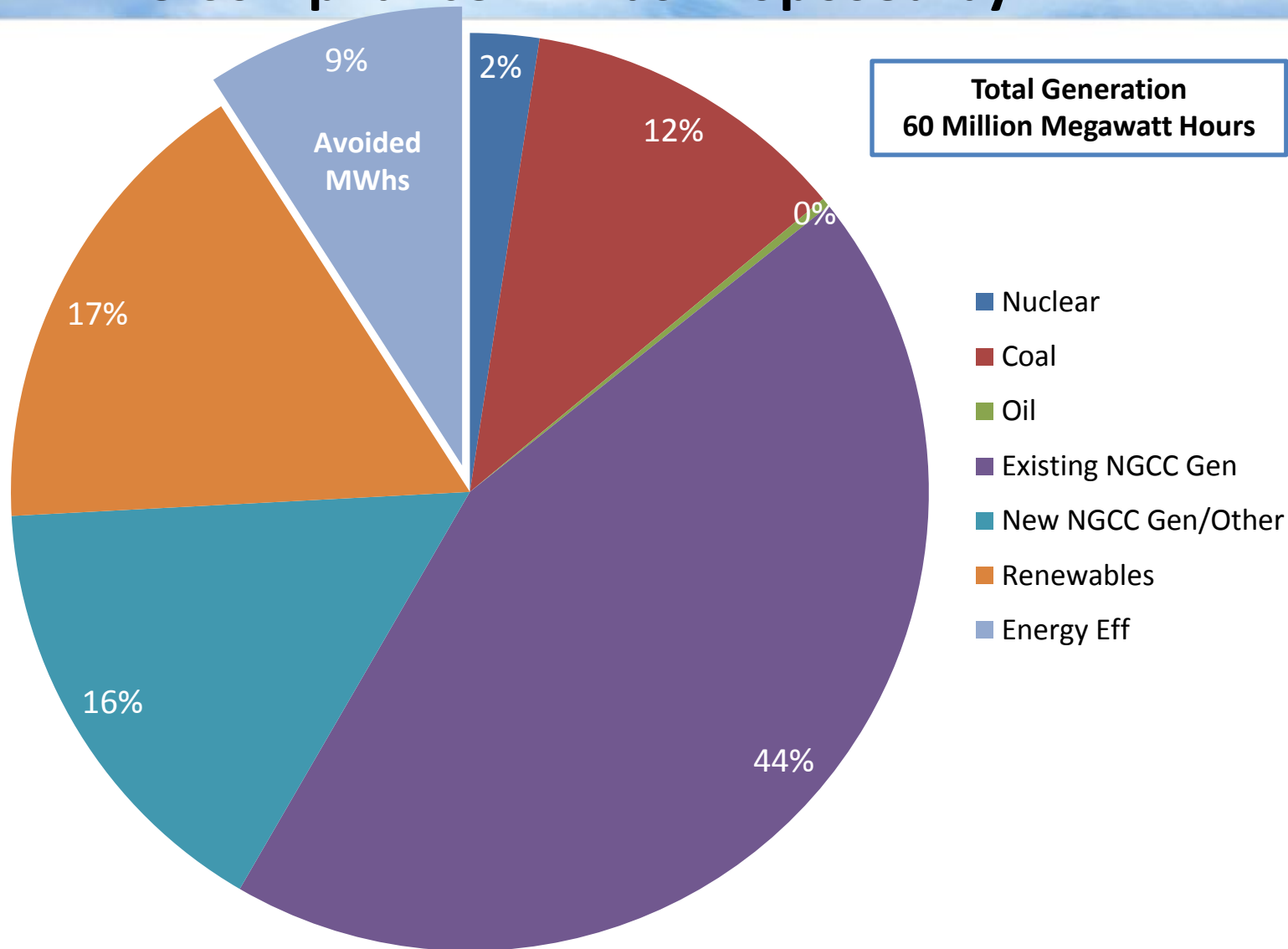


2030 State Emission Rate Goals



VA has more stringent emission reduction and rate goals than many other states

The Compliance Mix as Proposed by EPA



26 Million MWh of nuclear generation is not included in the mix for compliance purposes

Clean Power Plan Timeline

- **Dec. 1, 2014** – comments due on the proposed plan
- **June 2015** – final plan published by EPA
- **June 2016** – States submit compliance plans to EPA or request a one or two year extension to develop a state-only plan or multi-state plan
- **June 2017** – States submit final state-only plans to EPA
- **June 2018** – States submit multi-state plans to EPA
- **2020 to 2029** – State plans become effective with an interim goal in place averaged over a ten year period
- **2030** – States must comply with final rate goal averaged over three years

Comments on the Proposed Rule

- Climate Change poses a serious threat to Virginia (risk to Hampton Roads, increased coastal flooding, severe weather events)
- Virginia is a Leader in reducing CO₂ emissions and achieving a low carbon intensity electric generating system
- CAA requires nationally consistent standards and does not allow imposition of different requirements on individual states

Comments on the Proposed Rule

- States should be given credit for all zero-emitting electric generation
- Emissions guidelines for Existing Sources should not be set at a level more stringent than performance standards for New Sources

Comments on the Proposed Rule

- Rule should allow States to take into consideration other factors, such as remaining useful life of an existing source when applying the guidelines consistent with the CAA
- Generation Baseline should be established using average of multiple years (e.g. 5 yrs), rather than a single year
- Additional recommendations to enhance State flexibility and address technical issues

Comments on the Proposed Rule

Available on DEQ's website:

<http://www.deq.virginia.gov/Portals/0/DEQ/Air/Planning/vacommentstoEPA.pdf>